

Message Text

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FOR STATE AND COMMERCE

NAIROBI FOR FREEMAN

E.O. 11652: N/A

TAGS: BEXP, ETRD, ZA

SUBJ: JANUARY 1974 AGRICULTURAL EQUIPMENT TRADE MISSION

REF: (A) LUSAKA 1631 (B) USDOC 12547 (C) USDOC 10232

(D) LUSAK A-102 AUG 10, 1973

(E) LUSAKA A-104 AUGUST 17, 1973

1. SUMMARY: ANTICIPATED SECOND NATIONAL DEVELOPMENT PLAN (SNDP) RURAL DEVELOPMENT EXPENDITURE DOLS 263.6 MILLION 1972-76. ANNUAL AGRICULTURAL EQUIPMENT EXPENDITURE EACH OF NEXT TWO CALENDAR YEARS ESTIMATED DOS 13-15 MILLION. BEST PROSPECTS APPEAR STORAGE AND CROP PROCESSING EQUIPMENT/MATERIAL. URGE EXPANSION MISSION TO INCLUDE AGRI-BUSINESS INVESTORS WHO SHOULD LOOK AT SUBSTANTIAL OPPORTUNITIES HERE WHICH IN TURN COULD SIGNIFICANTLY INCREASE LOCAL US SALES OPPORTUNITIES. END SUMMARY.

2. REF A REPLIES REF B. ADDITIONAL INFO SOUGHT REF B GIVEN PARAS 3-5 BELOW. REFS D AND E ARE CURRENT IN-DEPTH VIEW OF ZAMBIAN AGRICULTURE AND ANSWER MANY QUESTIONS REF C.

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3. ANTICIPATED SNDP EXPENDITURE ON RURAL DEVELOPMENT DOLS

263.6 MILLION FOR PERIOD 1972-76. IN ADDITION, GOVERNMENT PROPOSING CREATE THREE INTENSIVE DEVELOPMENT ZONES (IDZ) FOR WHICH EXPENDITURE DOLS 26.7 MILLION ANTICIPATED. TIME SCHEDULE FOR AGRICULTURAL DEVELOPMENT PROJECTS NOT YET SET, PRIMARILY BECAUSE SOURCES FUNDING NOT RPT NOT FULLY KNOWN AND DISLOCATIONS STEMMING FROM RHODESIAN BORDER CLOSING HAVE DELAYED PLANNING.

4. MINRURAL DEVELOPMENT ESTIMATE ZAMBIAN AGRICULTURE EQUIPMENT EXPENDITURES (ALL FIGURES FOB) APPROXIMATELY DOLS 12 MILLION FOR CALENDAR YEAR 1973, RISING SLIGHTLY TO DOLS 13 MILLION FOR CALENDAR YEAR 1974. IF AGRICULTURE DEVELOPMENT PROGRAMS GET UNDER WAY, MARKET FOR 1974 COULD INCREASE TO DOLS 14 MILLION, WITH ESTIMATED INCREASES TO DOLS 15 MILLION FOR CALENDAR YEAR 1975.

5. MARKET COMPOSITION FOR 1973 ESTIMATED IN UNITS AS FOLLOWS (ACTUAL PURCHASES THRU 31 JULY SLIGHTLY AHEAD OF THESE FIGURES): TRACTORS: 1,100 - 1,200. PLOWS: 5,000 - 6,000. RELATED EQUIPMENT (TRUCKS, GENERATORS, HARROWS, SORTERS): 10,000 - 11,000. REALIZE BREAKDOWN CRUDE, BUT IT BEST AVAILABLE.

6. RE PARA 1(D) REF C, BELIEVE BBST PROSPECTS IN FARM EQUIPMENT AND ANCILLARY PRODUCTS APPEAR TO BE STORAGE BINS AND SILOS (FYI: GRZ TENTATIVELY CONSIDERING PURCHASE 2.5 MILLION DOLS WORTH WHEAT STORAGE BINS AND EDIBLE OIL STORAGE TANKS WITH PORTION AID PROGRAM LOAN SIGNED JUNE 30, 1973); GRAIN HANDLING AND DRYING EQUIPMENT; SOY BEAN/SUNFLOWER EXTRACTING MACHINERY; AND IRRIGATION AND SPRAYING PRODUCTS. DIFFICULT CHARACTERIZE SPECIFIC NEEDS OF AGRICULTURAL DEVELOPMENT PROGRAM SINCE PRIORITIES NOT FIRMLY ESTABLISHED. COMMERCIAL FARMERS BUREAU INDICATES ADDITIONAL MARKET HERE FOR HEAVY DUTY PLOWS AND CROP HANDLING EQUIPMENT IN PRIVATE SECTOR.

7. EMB URGES MISSION BE EXPANDED TO INCLUDE POSSIBLE AGRI-BUSINESS INVESTORS. REF D DESCRIBES OPPORTUNITIES THIS AREA, AND COMMERCIAL FARMER'S BUREAU INCREASINGLY DESIROUS ATTRACT US INVESTORS IN PRIVATE ENDEAVORS. REGIONAL AGATTACHE FREEMAN VISITED ZAMBIA JUNE 17-22 AND FAVORABLY IMPRESSED WITH INVESTMENT OPPORTUNITIES. RECENT GRZ EMPHASIS ON AGRICULTURE LIMITED OFFICIAL USE

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REFLECTED RES D AND E SUGGESTS PROSPECTS IMPROVING STEADILY. WHILE HE DID NOT RPT NOT WISH IT DISCUSSED OUTSIDE EMB, IN JUNE HARTFOR NATIONAL BANK REP SAID HARTFORD SERIOUSLY LOOKING INTO SIZABLE AGRICULTURAL INVESTMENT IN ZAMBIA. FIRST NATIONAL CITY BANK HAS INDICATED SIMILAR INTEREST. BELIEVE BEST INVESTMENT POTENTIAL IS IN CROP PRODUCTION -- WHEAT, VEGETABLES; RANCHING AND DAIRY OPERATIONS; AND COOPERATIVE FARMING/ MARKETING. ADDITIONAL US INVESTMENT LIKELY SUBSTANTIALLY

INCREASE US SALES OPPORTUNITIES, PARTICULARLY SINCE LOCAL AG
EXPERTS BELIEVE US TECHNOLOGY HAS MUCH TO OFFER ZAMBIA. WOULD
NOTE FURTHER THERE GOOD OPPORTUNITY FOR FOLLOWING UP MISSION
INITIATIVES IN LIGHT COMMERCIAL FARMER'S BUREAU TENTATIVE
PLANS FOR VISIT OF 30-MAN TEAM TO US IN MARCH 1974.

8. FOR NAIROBI: FREEMAN MAY WISH COMMENT ON ABOVE.

9. POST TENTATIVELY THINKING IN TERMS CENTERING MISSION
OPERATION ON LUSAKA (MID-POINT FOR FARMING INDUSTRY SPREAD
ALONG LINE OF RAIL). THERE POSSIBILITY OF FRUITFUL ONE-DAY
SIDE TRIPS FOR MISSION MEMBERS TO MAZABUKA AND LIVINGSTONE
FARMING AREAS, BUT PREFER RESERVE FINAL RECOMMENDATION.
BELIEVE PROGRAM COULD BE HANDLED IN THREE - FOUR WORKING
DAYS.
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